

New Brunswick's Largest Daily Newspaper

TELEGRAPH-JOURNAL

SJ Telegraph-Journal | Editorials
As published on page A8 on June 3, 2005

Let's learn from the Celtic Tiger

Much has been made of Ireland's economic miracle and the possibility of emulating it here. There are lessons to be learned, but those lessons begin with an important qualification. The policies that enabled Ireland to turn its economy around were a response to unique conditions. New Brunswick can build on its strengths in a similar fashion, but it will have to develop its own solutions.

There are five important lessons New Brunswickers can learn from the Celtic Tiger:

- It's easier to make changes when you have little to lose. Case in point: Ireland's decision to eliminate taxes on goods manufactured for export. It was not a difficult decision to make, because Ireland had no export economy. By eliminating corporate taxes that weren't bringing in money, the government was able to create a more attractive business environment. It gained revenues as construction and employment increased.

Would this work as well in Canada? Perhaps not - because our national economy is built on exports, and the loss of revenue to government could be greater than the potential gains. There are areas in which Canada and New Brunswick can afford to be more daring. The province's \$10,000 rebate for university students is a good example. The government benefits more, through taxation, if graduates are able to pay off their debts sooner. So it's prepared to write off some of that debt to speed up the process. That's the kind of innovation we need more of: the risks are slight, the potential benefits significant.

- Capitalize on what you have, then develop new strengths. Ireland had a large, educated workforce. The republic made that workforce its selling point and began establishing high-tech industries. With the gains from those industries, it has transformed its economy.

New Brunswick's leaders need to realize two things. This province does not have a highly educated workforce, at least not yet. And the establishment of new industries is not a goal in itself, it is a process. The goal is to create a diverse economy in which people have more valuable skills and more opportunities.

New Brunswick has staked a large part of its economic development on jobs in

the call centre industry. This industry is suited to the workforce we have. But, developing call centres was never a major goal in Ireland, because wages are low and the work can be done by anyone who speaks English and has access to a telephone network. As more call centre work is contracted out to India, New Brunswickers will suffer, unless the government treats call centre jobs as just one step in the development of workers' skills and the provincial economy.

- Education is the key to sustainable growth. The more skills you have, the easier it is to find employment and the more you can expect to be paid. It is easier to diversify the economy with an educated workforce.

Want to create more economic opportunities? Improve the quality of education. Raising the standards of grade school education is a start, but New Brunswick must re-examine the role of post-secondary education. In Ireland, top-quality universities and technical colleges have helped revitalize the economy. But access has also been a factor: post-secondary education is easier for students to commit to when it's free, or nearly free.

- Government and unions can work together. Government and unions have common goals: to get more people working and to raise the standard of living. In Ireland, unions agreed to reduce their wage demands over a period of time, in return for government lowering taxes.

There are limits to how far this can go. Government can only reduce taxes so far without affecting services. And, the trade-off must give workers the same increase in real spending power that a higher wage increase would. But it can be done, provided both parties put aside their historic differences and focus on what matters.

- It's quality of life that matters. Economic growth is not a goal, it's a way of reaching the goal of improving quality of life. Rather than focusing on maximizing growth - or productivity, or immigration - New Brunswickers should be looking for a balance that allows the community to sustain itself at a higher standard of living without increasing social problems.

Job creation won't guarantee New Brunswick a better future, and neither will immigration. But both can play a role in improving our quality of life... if politicians bear in mind they are just a means to that end.